

(l) *Notice of Federal Interest.* The grantee shall record a Notice of Federal Interest in the appropriate official land records of the jurisdiction in which the property is located.

(m) *Title insurance.* The grantee shall purchase a title insurance policy unless a legal opinion has been provided which certifies that the grantee institution has fee simple title to the site free and clear of all liens, easements, rights-of-way, and any other adverse interests which would encumber the project. The Director may waive this requirement upon a request from the grantee adequately documenting self-insurance against the risks involved and containing such other information as the Director may prescribe.

(n) *Physical destruction insurance.* At the time construction is completed or at the time of beneficial occupancy, whichever comes first, the grantee shall purchase an insurance policy which insures the facility for the full appraised value of the property using state certified appraisers. The insurance policy must protect the property from total and partial physical destruction. The insurance policy must be maintained throughout the period of federal interest. The Director may waive this requirement upon a written request from the grantee adequately documenting self-insurance against the risks involved and containing such other information as the Director may prescribe.

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§ 52b.11 What are the requirements for acquisition and modernization of existing facilities?

Grant awards for the acquisition and modernization of existing facilities are permitted if authorized by the statutes authorizing the construction grant program and shall be subject to the requirements of this section.

(a) *Minimum standards of construction and equipment.* A determination by the Director that the facility conforms (or upon completion of any necessary construction will conform) to the minimum standards of construction and equipment as set forth in § 52b.12 shall be obtained before entering into a final

or unconditional contract for the acquisition and/or modernization of facilities. Where the Director finds that exceptions to or modifications of these minimum standards would be consistent with the purposes of the applicable section of the Act under which the acquisition or modernization is supported, the Director may authorize the exceptions or modifications.

(b) *Estimated cost of acquisition and remodeling: suitability of facility.* Each application for a project involving the acquisition of existing facilities shall include in the detailed estimates of the costs of the project, the cost of acquiring the facilities, and any cost of remodeling, renovating or altering the facilities to serve the purposes for which they are acquired. The application shall demonstrate to the satisfaction of the Director that the architectural, mechanical, electrical, plumbing, structural, and other pertinent features of the facility, as modified by any proposed expansion, remodeling, renovation, or alteration, will be suitable for the purposes of the applicable sections of the Act.

(c) *Bona fide sale.* Grant awards for the acquisition of existing facilities shall be subject to the condition that the acquisition constitutes a bona fide sale involving an actual cost to the applicant and will result in additional or improved facilities for purposes of the applicable provisions of the Act.

(d) *Facility previously funded by a federal grant.* No grant for the acquisition or modernization of a facility which has previously been funded in whole or in part by a federal grant for construction, acquisition, or equipment shall serve either to reduce or restrict the liability of the applicant or any other transferor or transferee from any obligation of accountability imposed by the Federal Government by reason of the prior grant.

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§ 52b.12 What are the minimum requirements of construction and equipment?

(a) *General.* In addition to being subject to other laws, regulations, executive orders, and policies referred to in